



WORKING GROUP REPORT

CUSC Amendment Proposal CAP093 Enabling the Flow of Electricity from Distribution Systems into the Transmission System at Grid Supply Points

**Prepared by the CAP093 Working Group
for submission to the Amendments Panel**

Amendment Ref	CAP093
Issue	1.1
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Prepared by	CAP093 WG

I DOCUMENT CONTROL

a National Grid Document Control

Version	Date	Author	Change Reference
0.1	05/09/05	J Greasley	Initial Draft for Working Group Comment
1.0	15/09/05	J Greasley	Final Working Group Report
1.1	26/09/05	J Greasley	Final Working Group Report incorporating comments from CUSC Panel Members

b Distribution

Name	Organisation
The Gas and Electricity Markets Authority	Ofgem
CUSC Parties	Various
Panel Members	Various
National Grid Industry Information Website	

II	CONTENTS TABLE	
I	DOCUMENT CONTROL	2
	a National Grid Document Control	2
	b Distribution	2
II	CONTENTS TABLE	3
1.0	SUMMARY AND RECOMMENDATIONS	4
	Executive Summary.....	4
	Working Group Recommendation.....	4
	Chairman’s Comments	4
2.0	INTRODUCTION	4
3.0	PURPOSE AND SCOPE OF WORKING GROUP	4
4.0	ASSESSMENT AGAINST APPLICABLE CUSC OBJECTIVES	8
5.0	ALTERNATIVE AMENDMENT	10
6.0	PROPOSED IMPLEMENTATION AND TIMESCALES	12
7.0	IMPACT ON CUSC	12
8.0	IMPACT ON INDUSTRY DOCUMENTS	12
	ANNEX 1 – AMENDMENT PROPOSAL FORM	13
	ANNEX 2 – WORKING GROUP TERMS OF REFERENCE AND MEMBERSHIP .	16
	ANNEX 3 – PROPOSED TEXT TO MODIFY CUSC	19

1.0 SUMMARY AND RECOMMENDATIONS

Executive Summary

- 1.1 CUSC Amendment Proposal CAP093 – Enabling the Flow of Electricity from Distribution Systems into the Transmission System at Grid Supply Points (see Annex 1) was raised by Central Networks on 21st June 2005. The CUSC Amendments Panel determined that a Working Group should be established to consider this proposal prior to industry consultation. The Terms of Reference were agreed (Annex 2) with a requirement to report back to the September 2005 CUSC Amendments Panel Meeting.
- 1.2 The Working Group Report has been prepared in accordance with Section 8.17 of the CUSC and it is the view of the Working Group that the Terms of Reference have been discharged.
- 1.3 The Working Group met three times and has evaluated and assessed the proposal against the Applicable CUSC Objectives in accordance with its Terms of Reference.

Working Group Recommendation

- 1.4 The CAP093 Working Group recommends that the Amendment Proposal and the Alternative Amendment should now proceed to wider industry consultation in accordance with CUSC Section 8.17.12(b).
- 1.5 The majority view of the Working Group is that the original proposal for CAP093 does better facilitate the applicable CUSC objectives. Some Working Group members indicated that they preferred the Working Group Alternative Amendment (including the proposer of the original amendment).

Chairman's Comments

- 1.6 The Chairman of the CAP093 Working Group would like to thank the members of the CAP093 Working Group for their efforts in contributing to a constructive debate.

2.0 INTRODUCTION

- 2.1 CAP093 was raised by Central Networks and aims to recognise the flow of electricity from distribution systems into the transmission system at Grid Supply Points. CAP093 asserts that the CUSC does not currently formally recognise the right for export via distribution systems onto the transmission system although Distribution Network Operators (DNOs) are under an obligation to offer terms for embedded generation seeking connection to their network. There is, however, no corresponding clear obligation on National Grid to receive the consequential export. This inconsistency is preventing DNOs making offers to connect embedded generation, as National Grid believes that it is unable to offer terms to the DNO.

3.0 PURPOSE AND SCOPE OF WORKING GROUP

- 3.1 The Working Group was tasked with assisting the CUSC Amendments Panel in the evaluation of CUSC Amendment Proposal CAP093 (Enabling the Flow

of Electricity from Distribution Systems into the Transmission System at Grid Supply Points) in accordance with Section 8.17 of the CUSC.

- 3.2 The Working Group met three times and had a wide ranging and constructive discussion on the specific issues raised by CAP093 and the whole subject of Transmission Access, including the potential licensing implications of increased embedded generation on the GB Transmission System.
- 3.3 In particular when assessing CAP093, the Working Group considered:
- whether flow of electricity from distribution systems into the transmission system is currently recognised
 - whether the current wording in the CUSC is a “defect”
 - whether it would be appropriate to change the definitions of “Grid Supply Point” and “Distribution System”
 - the wider implications of the proposals
 - consideration of possible alternative options
 - clarification of interface between NGC and owner of transmission rights

Outcome of Working Group Discussions

- 3.4 It was acknowledged by Working Group members that exporting onto the GB Transmission System does currently occur at a limited number of Grid Supply Points (GSP) in England and Wales and that there was at present ambiguity in the CUSC regarding whether or not this activity was allowed. The Working Group was split as to whether the lack of clarity in the CUSC meant that GSP exporting could occur within the existing CUSC guidelines.
- 3.5 A number of opinions were discussed relating to the appropriate holder of any access rights. A Working Group member noted that there was no need to grant particular rights to distributors, as they did not need to place power onto, or take power from, the transmission system. Instead, access rights should be accrued to generators (and, in the case of demand, suppliers) and quantified for larger developments via the purchasing of Transmission Entry Capacity (TEC).
- 3.6 Detailed analysis was provided to the Working Group at a national and a DNO level which indicated where export has occurred on the GB Transmission System. The Working Group noted that no net export occurred when embedded generation was aggregated at GSP group level (analysis was provided to back this statement).
- 3.7 It was acknowledged that the amount of export which did not have an associated TEC was relatively small and did not currently affect the efficient and effective operation of the GB Transmission System¹. It was accepted by Working Group members that this amount would potentially increase in the medium to long term future, given the overall forecast for embedded generation growth and the government’s current renewable energy policies. National Grid suggested that this growth in embedded generation and subsequent increase in GSP exports could result in difficulties in the management of the GB Transmission System, if some revised arrangements were not put in place. A Working Group member argued that even with TEC, under the current CUSC definitions, exports onto Transmission could be viewed as illegitimate.

¹ A Working Group member noted that in Scottish Transmission areas any export was catered for in the design of the connection agreement.

- 3.8 It was noted by the Working Group members that this potential increase in GSPs exporting could lead to discrimination between generators who connect directly to the GB Transmission System and those who choose to embed. This is because the embedded generator may not have a TEC and hence not be liable for Transmission Network Use of System (TNUoS) charges. One Working Group member observed that there are examples of large embedded generators that have TEC and pay TNUoS charges, but do not create export to the Transmission System because their output is offset by demand in the relevant GSP.
- 3.9 One Working Group member noted that such discrimination might not be undue and may have no impact on the efficient, co-ordinated and economical development of transmission and distribution system (which is the key test for any charging regime). The National Grid member maintained that 1MW of embedded generation has exactly the same effect on transmission infrastructure as 1MW of directly connected generation.
- 3.10 The Working Group discussed the current classifications of embedded generation MW thresholds for Small, Medium and Large Power Stations which are shown in the following table:

	Small	Medium	Large
National Grid	<50MW	≥50MW & <100MW	≥100MW
SP Transmission Ltd	<5MW	≥5MW & <30MW	≥30MW
Scottish Hydro-Electric Transmission Ltd	<5MW	-	≥5MW

Power stations owned by licensed generators are obliged to obtain TEC.

- 3.11 The National Grid member stated his interpretation of the CUSC that exports onto the GB Transmission System are legitimate if they are supported by the appropriate access rights i.e. TEC, and that this process was covered clearly in Section 6.5 of the CUSC which deals with the interfaces between embedded power stations, the DNO, and National Grid. Other groups members were not convinced that any physical flow from Distribution Systems into Transmission System at GSPs was strictly legal under the CUSC definitions, regardless of whether or not this was covered by TEC.
- 3.12 It was therefore proposed by the National Grid representative that if DNOs were allowed to export at a GSP level, it would seem untenable that this could be done without aligning the rights to export at a GSP with the existing rights to export at other points on the GB Transmission System i.e. by a generator through the holding of appropriate TEC and thus consequential amendments to the CUSC e.g. Section 2, 3, 5 and 6 would be required, along with changes to the charging methodologies.
- 3.13 Although the Working Group acknowledged that there was potential for discrimination between embedded and non-embedded generators, the majority of Working Group members did not agree that consequential changes to the CUSC were required in addition to the changes proposed by CAP093. This was because in their view CAP093 only sought to change definitions to allow de-facto or new exports to be recognised rather than changing the contractual framework.

- 3.14 Working Group members did agree that it was important that the charging regime was transparent and fair to all parties and the group did acknowledge the difficulty that CAP093 could potentially cause National Grid regarding its charging methodology and obligations relating to non discrimination.
- 3.15 National Grid confirmed that it could work with the new proposed definition of Distribution System, but drew attention to the desirability of consistency of definition between Transmission and Distribution Licences and the CUSC. "Distribution System" is defined similarly in the Distribution Licence compared with the Transmission Licence to suggest two way flow is legitimate, whilst the current CUSC definition only suggests one way flow is legitimate. Approval of CAP093 would align the CUSC definition to one more akin to the Distribution and Transmission Licence definition of Distribution System, which allows the distribution of electricity from a Distribution System to the point of delivery, including to a Transmission System.
- 3.16 In contrast, the Distribution and Transmission Licences and current CUSC are consistent on their definition of "Grid Supply Points" (any point at which electricity is delivered from a transmission system to a distribution system). However approval of CAP093 would introduce a new CUSC definition of "GSP" suggesting two way flow is legitimate which would not be consistent with either Licence as summarised in the table below:

	Transmission Licence	Distribution Licence	CUSC (baseline)	CUSC (CAP093)
Distribution System	Two Way	Two Way	One Way (Transmission to Distribution)	Two Way
GSP	One Way (Transmission to Distribution)	One Way (Transmission to Distribution)	One Way (Transmission to Distribution)	Two Way

- 3.17 It was acknowledged that it would be desirable for the definitions across codes/licences to be consistent with each other.
- 3.18 One Working Group member enquired whether National Grid would be able to offer connection terms to a DNO if CAP093 was approved. National Grid stated that it may allow connection to the Transmission System if it was apparent (at the time of application) that export would occur, subject to whatever terms National Grid may wish to suggest are appropriate to allow National Grid to manage transmission system consequences in order to continue to manage an efficient and co-ordinated system. A Working Group member indicated that this stance would subvert and frustrate the intent of CAP093.
- 3.19 In addition it was noted by the Working Group that in Scotland, distribution companies were already dealing with connection offers which would involve increased export to the Transmission System. These offers would be viewed as an intended flow of power rather than spill, since spill tends to imply that export is accidental rather than deliberate.

Wider Implications of CAP093

- 3.20 The Working Group discussed the wider implications of the proposal and considered possible alternative options. It was noted by the Working Group that any possible alternatives would involve a fundamental review of the

current charging and access regimes and possible amendments to the relevant Acts of Parliament.

- 3.21 The Working Group members acknowledged that the issues posed by CAP093 were part of a much larger debate outside the scope of the Amendment Proposal, which needed to take place within the industry.
- 3.22 It was anticipated by the Working Group that Ofgem's consultation paper on Embedded Generation, due for publication end of 2005/early 2006, would encompass the discussions which have already occurred on this issue and provide ideas/guidance on the best way forward.
- 3.23 Therefore the Working Group acknowledged the wider issues that CAP093 highlighted but agreed that CAP093 could be considered without resolution of these wider issues.

4.0 ASSESSMENT AGAINST APPLICABLE CUSC OBJECTIVES

4.1 CUSC Amendments are required to be assessed in terms of their ability to better facilitate achievement of the applicable CUSC Objectives. These are set out in Paragraph 1 of Condition 10 of National Grid's Transmission Licence and can be summarised as follows:

- a) the efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence; and
- b) facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the sale, distribution and purchase of electricity.

4.2 As proposer of this modification Central Networks believes that the Amendment Proposal would better achieve the applicable CUSC objectives in the manner described below:

- a) the efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence
 - The amendment proposal would make GSP export, which the Working Group accept already takes place, legal within the CUSC. The amendment would rectify a current anomaly in the CUSC thus enabling licensees to fulfil their licence obligations in an efficient manner.
- b) facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the sale, distribution and purchase of electricity.
 - The amendment proposal paves the way for government policies on renewable energy to be realised and would allow additional embedded generation to be connected to the GB Total System and thus increasing competition within the market place.

4.3 The majority of Working Group members were in favour of the amendment proposal on the grounds that it corrected a current defect within the CUSC which is resulting in the refusal to offer connection terms within England and Wales. Therefore if CAP093 was approved and subsequently implemented it

- would remove an obstacle to industry entry and/or participation and thus facilitate effective competition in the generation and supply of electricity.
- 4.4 There were concerns amongst some Working Group members that the implementation of CAP093 would result in discrimination between embedded and non-embedded generators as spilling embedded generators without TEC would avoid TNUoS charges.
- 4.5 A Working Group member argued that CAP093 would provide commercial incentives for the development of sizeable projects to connect to the distribution system (avoidance of TNUoS), when it may be more economic and efficient for that generation to connect to transmission.
- 4.6 National Grid has concerns that LEEMPS proposals may not be adequate in safe-guarding system security if CAP093 was approved. The Grid Code and System Operator requirements defined under LEEMPS are appropriate where the scale of embedded generation connections is as anticipated and limited to medium power stations. However, if >1GW wind generation projects carved up into sub 100MW units were forthcoming (as National Grid believes would occur if CAP093 is approved), then this does call into question the appropriateness of these stations not having to provide ancillary services or maintaining a BMU to enable NGC to manage system requirements.
- 4.7 Further, given that TEC is a parameter (amongst others) against which transmission capacity is designed, CAP093 would not enable the efficient expansion and maintenance of the system and it would not be clear which part of the GB SQSS connections should be designed against and/or conform to.
- 4.8 If CAP093 was approved, National Grid indicated that additional guidance would be requested from Ofgem on the following issues:
- Whether to consider an exporting GSP a demand connection or a generation connection and the appropriate design standard to form part of the GB SQSS.
 - The implementation of CAP093 would not result in any contravention of Electricity Transmission Licence Condition C7 which prohibits discrimination amongst users.
 - The appropriate mechanism through which to manage system constraints where exporting GSPs without TEC have a contributory effect.
- 4.9 A Working Group member argued that CAP093 did not go far enough and that a subsequent amendment to the CUSC would be required to clarify what was meant by 'distribution'. The Working Group member proposed that the term should refer to 'making distribution assets available for the carriage of energy to persons other than the owner or operator of that distribution system, even if there is only one other person connected to any relevant electric line or electrical plant'.
- 4.10 The Working Group member believed that this consequential change would be required to complete the clarification that large power stations may, were economical and efficient to do so, be connected to distribution systems without TEC, even if this is by means of dedicated feeder to a connection point.

- 4.11 The National Grid representative stated that network built by a DNO between a generator and a GSP and where there was no DNO demand on the DNO assets could be regarded as a generation spur. A DNO member stated that DNO can only build a distribution system with regulatory funds, as anything included in the Regulatory Asset Base (RAB) of the licensed entity, provided it is wholly or mainly comprised of low voltage lines and plant, is part of a distribution system, irrespective of what it is actually connected to.
- 4.12 All Working Group members were in agreement that embedded generation is set to grow significantly in the coming years. The Working Group was divided as to whether or not amending a small number of CUSC definitions would best serve the current regime.

5.0 ALTERNATIVE AMENDMENT

Description of Alternative Amendment

- 5.1 One Working Group Alternative Amendment was submitted by a group member. The Alternative Amendment proposes that additional clarity is given to the newly defined 'Distribution System', as put forward in the original Amendment Proposal. This subsequently amended definition is contained in Annex 3 – Part B, of this document.

Justification for Working Group Alternative Amendment

- 5.2 It is the view of the Working Group member that neither this, nor the original Amendment Proposal, is required on a strict interpretation. Distributors do not need rights to export onto the Transmission System, as they are not Trading Parties. In theory, so long as a Trading Party (for example, an embedded generator with a TEC) has access rights then any export can (commercially) be accepted onto the Transmission System.
- 5.3 In practice, however, the making of connection offers by distributors to generators is being delayed by confusion over the nature of modifications at DNO/Transmission connection points ('GSPs').
- 5.4 The Working Group member argued that currently, there was a lack of clarity at the operational level over the commercial rights under CUSC:
- for GSPs to be used for the carriage of energy from distribution to transmission systems;
 - to link generation to a GSP by assets provided by a distributor;
 - for such generation to be classed as embedded in that distribution system; and
 - for distributors to request any necessary modifications to National Grid assets in their role as a distributor.
- 5.5 The Working Group member submits that it is self-evident that distributors should be able to:
- offer connections to generators; and
 - seek consequential modifications, if required, to GSPs

in each case in their role as licensed distributors.

The Working Group member further submits that it is self-evident that:

- such connections, even if only one party is connected to any relevant assets, form part of the licensee's distribution system; and
 - power flows on distribution systems have always been bi-directional, and CUSC would be deficient if it did not adequately reflect this fact.
- 5.6 It is the view of the Working Group member that this Alternative Amendment seeks to dispel any confusion by clarifying within the body of CUSC:
- as in the original Amendment Proposal, that power flows on distribution systems and across GSPs can be bi-directional; and
 - that DNOs can make 'generation' connections to GSPs in their role as licensed distributors, and that such generation will be treated as embedded, even where there are discrete feeders from GSP to generator that serve no other user.
- 5.7 The alternative view, that such feeders are somehow either direct generation connections or extensions to the transmission system, is inconsistent with the provision of such assets by distributors.
- 5.8 The wording proposed in this WGAA is entirely consistent with the existing definition of transmission.

Assessment Against Applicable CUSC Objectives

- 5.9 Both this alternative amendment and the original proposal seek to facilitate competition in generation. The first step to facilitating competition is to support new entrants: both this amendment and the original proposal start from the fact that new entry is being delayed by confusion over distributors' ability to link generation to GSPs.
- 5.10 The Working Group member submits that this alternative amendment serves the applicable CUSC objectives better than the original amendment by providing further clarification. The Working Group member is concerned that, if the original amendment alone were approved, there would be debate over whether dedicated generation feeders were genuinely part of a distribution system.
- 5.11 The Working Group member further submits that charging issues are secondary to the primary means of facilitating competition, by supporting new entry. If there is a residual concern over charging, the Working Group member suggests that a further amendment proposal is brought forward.
- 5.12 Two Working Group members indicated their support for the alternative amendment proposal on similar grounds to that of the original amendment i.e. it corrects a current defect within the CUSC which is resulting in the refusal to offer connection terms within England and Wales. Therefore if CAP093 WGAA was approved and subsequently implemented it would remove an obstacle to industry entry and/or participation and thus facilitate effective competition in the generation and supply of electricity.
- 5.13 The proposer of the original amendment indicated their support for the WGAA.
- 5.14 Another Working Group member rejected the WGAA as it did not eliminate the concerns raised by the original amendment proposal regarding possible discrimination between embedded and non-embedded generators.

- 5.15 In addition the WGAA would still provide commercial initiatives for the development of sizeable projects to connect to the distribution system (avoidance of TNUoS), when it may be more economic for that generation to connect to transmission.
- 5.16 Should the WGAA be approved, National Grid reiterated that clarification would still be required on the issues highlighted in 4.8 of this report.
- 5.17 A minority of Working Group members agreed with the proposer of the WGAA that there needs to be clarity over the treatment of generator-only distribution system. However the Working Group members were not convinced that this was a matter which could be settled by stating something in the CUSC. Whilst it may be possible to state in the CUSC that a generator-only distribution system will be treated for CUSC purposes as an extension of the transmission system, it was in the opinion of the Working Group members, that the CUSC was not the most appropriate mechanism for clarifying such a point i.e. CUSC would be trying to rule out something which was never ruled in.

6.0 PROPOSED IMPLEMENTATION AND TIMESCALES

- 6.1 It is proposed by the Working Group that should the Authority approve the original or alternative amendment proposal for CAP093, it should be implemented 10 business days after the Authority decisions

7.0 IMPACT ON CUSC

- 7.1 CAP093 will require a change to Section 11.3 (Definitions) of the CUSC as detailed in the legal text at Annex 3.

8.0 IMPACT ON INDUSTRY DOCUMENTS

Impact on Core Industry Documents

- 8.1 The Working Group did not identify any impact on Core Industry Documents. However, National Grid reiterated the point mentioned in 3.15, regarding the possible misalignment of the Distribution System and GSP definitions, if CAP093 was approved and implemented with no consequential definition changes to the Electricity and Distribution Licences.

Impact on other Industry Documents

- 8.2 The Working Group did not identify any impact on other Industry Document.

Annex 1 – Amendment Proposal Form

CUSC Amendment Proposal Form

Title of Amendment Proposal:

Enabling the Flow of Electricity From Distribution Systems Into the Transmission System at Grid Supply Points

Description of the Proposed Amendment (*mandatory by proposer*):

This proposed Amendment aims to recognise the flow of electricity from distribution systems into the transmission system at Grid Supply Points. This will be achieved by altering the CUSC definitions of Grid Supply Point and Distribution System, and by making any necessary consequential changes.

Description of Issue or Defect that Proposed Amendment seeks to Address (*mandatory by proposer*):

This proposed amendment aims to correct a defect of the CUSC that apparently prevents Grid Supply Points from facilitating the flow of electricity from Distribution Systems into the Transmission System. In light of targets for increased amounts of embedded generation there is a strong likelihood that many Grid Supply Points will be required to accommodate two-way flow in the future.

Impact on the CUSC (*this should be given where possible*):

The CUSC (section 11) definitions of Grid Supply Point and Distribution System would need to be modified, and any necessary consequential modifications would need to be made (NGC to advise).

The current definition of grid supply point is as follows:

“Grid Supply Point”

A point of delivery from the **GB Transmission System** to a **Distribution System** or a **Non-Embedded Customer**;

The proposed new definition of Grid Supply Point is as follows:

“Grid Supply Point”

*A point of connection between the **GB Transmission System** and a **Distribution System** or a **Non-Embedded Customer**, providing for delivery from the **GB Transmission System** and, in the case of a **Distribution System**, delivery to the **GB Transmission System**;*

The current definition of Distribution System is as follows:

“Distribution System”

*The system consisting (wholly or mainly) of electric lines owned or operated by any **Authorised Electricity Operator** and used for the distribution of electricity from **Grid Supply Points** or generation sets or other entry points to the point of delivery*

to **Customers** or **Authorised Electricity Operators**, and includes any **Remote Transmission Assets** operated by such **Authorised Electricity Operator** and any electrical plant and meters owned or operated by the **Authorised Electricity Operator** in connection with the distribution of electricity, but shall not include any part of the **GB Transmission System**;

The proposed new definition is as follows:

“Distribution System”

The system consisting (wholly or mainly) of electric lines owned or operated by any **Authorised Electricity Operator** and used for the distribution of electricity from or to **Grid Supply Points**, or **Embedded** generators or other entry points, from or to **Customers** or **Authorised Electricity Operators**, and includes any **Remote Transmission Assets** operated by such **Authorised Electricity Operator** and any electrical plant and meters owned or operated by the **Authorised Electricity Operator** in connection with the distribution of electricity, but shall not include any part of the **GB Transmission System**;

Impact on Core Industry Documentation (this should be given where possible):

Impact on core industry documents and the STC to be determined by NGC

Impact on Computer Systems and Processes used by CUSC Parties (this should be given where possible):

Impact on relevant computer systems and processes to be determined by NGC

Details of any Related Modifications to Other Industry Codes (where known):

None known

Justification for Proposed Amendment with Reference to Applicable CUSC Objectives**
(mandatory by proposer):

The current version of the CUSC does not specifically accommodate the possibility of the flow of electricity from Distribution Systems into the Transmission System. It is anticipated that there will be an increasing requirement for two-way flow between the Transmission System and Distribution Systems. This amendment is designed to allow licensed distributors to continue to meet their obligations to provide connections for both demand and generation. Central Networks believes this will better facilitate effective competition in the generation and supply of electricity. In particular, and consistent with Government targets, it paves the way for connection to distribution networks of significant amounts of embedded generation.

In addition to better meeting the Applicable CUSC Objectives, this proposal would better align the CUSC definition of Grid Supply Point with that in both the BSC (“Grid Supply Point”: means a Systems Connection Point at which the Transmission System is connected to a Distribution System), and the MRA (“Grid Supply Point” has the meaning given to that term in the Balancing and Settlement Code)

Details of Proposer: Organisation's Name:	Central Networks East plc and Central Networks West plc
Capacity in which the Amendment is being proposed: (i.e. CUSC Party, BSC Party or "energywatch")	CUSC Parties
Details of Proposer's Representative: Name: Organisation: Telephone Number: Email Address:	Andrew Neves Central Networks 01332 393323 Andrew.Neves@central-networks.co.uk
Details of Representative's Alternate: Name: Organisation: Telephone Number: Email Address:	John Hill Central Networks 01332 393322 John.Hill@central-networks.co.uk
Attachments (Yes/No): No	

Annex 2 – Working Group Terms of Reference and Membership

Working Group Terms of Reference and Membership

TERMS OF REFERENCE FOR CAP093 WORKING GROUP

RESPONSIBILITIES

1. The Working Group is responsible for assisting the CUSC Amendments Panel in the evaluation of CUSC Amendment Proposal CAP093 tabled by Central Networks at the Amendments Panel meeting on 24th June 2005.
2. The proposal must be evaluated to consider whether it better facilitates achievement of the applicable CUSC objectives. These can be summarised as follows:
 - (a) the efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence; and
 - (b) facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the sale, distribution and purchase of electricity.
3. It should be noted that additional provisions apply where it is proposed to modify the CUSC amendment provisions, and generally reference should be made to the Transmission Licence for the full definition of the term.

SCOPE OF WORK

4. The Working Group must consider the issues raised by the Amendment Proposal and consider if the proposal identified better facilitates achievement of the Applicable CUSC Objectives.
5. In addition to the overriding requirement of paragraph 4, the Working Group shall consider and report on the following specific issues:
 - **whether flow of electricity from distribution systems into the transmission system is currently recognised**
 - **whether the current wording in the CUSC is a “defect”**
 - **whether it would be appropriate to change the definitions of “Grid Supply Point” and “Distribution System”**
 - **the wider implications of the proposals**
 - **consideration of possible alternative options**
 - **clarification of interface between NGC and owner of transmission rights**
6. The Working Group is responsible for the formulation and evaluation of any Working Group Alternative Amendments (WGAAs) arising from Group discussions which would, as compared with the Amendment Proposal, better

facilitate achieving the applicable CUSC objectives in relation to the issue or defect identified.

7. The Working Group should become conversant with the definition of Working Group Alternative Amendments which appears in Section 11 (Interpretation and Definitions) of the CUSC. The definition entitles the Group and/or an individual Member of the Working Group to put forward a Working Group Alternative Amendment if the Member(s) genuinely believes the Alternative would better facilitate the achievement of the Applicable CUSC Objectives. The extent of the support for the Amendment Proposal or any Working Group Alternative Amendment arising from the Working Group's discussions should be clearly described in the final Working Group Report to the CUSC Amendments Panel.
8. The Working Group is to submit their final report to the CUSC Panel Secretary on 16th September 2005 for circulation to Panel Members. The conclusions will be presented to the CUSC Panel meeting on 23rd September 2005.

MEMBERSHIP

9. It is recommended that the Working Group has the following members:

Chair	John Greasley
National Grid	Nick Pittarello
Industry Representatives	Alec Morrison (SSE) Andrew Neves (Proposer - Central Networks) John Hill (Proposer's Alternate Central Networks) David Miller (CE Electric) John Capener (British Energy) Joe Duddy (RES Ltd) Mark Nixon (RWE) Mike Attree (United Utilities) Mike Harrison (Scottish Power) Rupert Judson (EdF) Mark Symes (GdF)

Authority Representative	Bridget Morgan
Technical Secretary	Lilian Macleod

[NB: Working Group must comprise at least 5 Members (who may be Panel Members) and will be selected by the Panel with regard to WG List held by the Secretary]

10. The membership can be amended from time to time by the CUSC Amendments Panel.

RELATIONSHIP WITH AMENDMENTS PANEL

11. The Working Group shall seek the views of the Amendments Panel before taking on any significant amount of work. In this event the Working Group Chairman should contact the CUSC Panel Secretary.
12. Where the Working Group requires instruction, clarification or guidance from the Amendments Panel, particularly in relation to their Scope of Work, the Working Group Chairman should contact the CUSC Panel Secretary.

MEETINGS

13. The Working Group shall, unless determined otherwise by the Amendments Panel, develop and adopt its own internal working procedures and provide a copy to the Panel Secretary for each of its Amendment Proposals.

REPORTING

14. The Working Group Chairman shall prepare a final report to the 23rd September 2005 Amendments Panel responding to the matter set out in the Terms of Reference.
15. A draft Working Group Report must be circulated to Working Group members with not less than five business days given for comments.
16. Any unresolved comments within the Working Group must be reflected in the final Working Group Report.
17. The Chairman (or another member nominated by him) will present the Working Group report to the Amendments Panel as required.

Annex 3 – Proposed Text to modify CUSC

Part A - Text to give effect to the Proposed Amendment

Conformed Version

Proposed Changes to Paragraph 11.3 of the CUSC (Definitions)

Grid Supply Point a point of connection ~~delivery from~~ ~~delivery from~~ ~~between~~ the **GB Transmission System** ~~to~~ ~~and~~ a **Distribution System** or a **Non-Embedded Customer**; providing for delivery from the GB Transmission System and, in the case of a Distribution System, delivery to the GB Transmission System;

Distribution System the system consisting (wholly or mainly) of electric lines owned or operated by an **Authorised Electricity Operator** and used for the distribution of electricity from or to Grid Supply Points, or Embedded ~~generation~~ ~~generators~~ ~~sets~~ ~~sets~~ or other entry points, ~~from or to the point of delivery to~~ ~~the point of delivery to~~ **Customers** or **Authorised Electricity Operators**, and includes any **Remote Transmission Assets** operated by such **Authorised Electricity Operator** and any electrical plant and meters owned or operated by the **Authorised Electricity Operator** in connection with the distribution of electricity, but shall not include any part of the **GB Transmission System**;

Part B - Text to give effect to the Alternative Amendment

Conformed Version

Proposed Changes to Paragraph 11.3 of the CUSC (Definitions)

Grid Supply Point a point of connection ~~delivery from~~ ~~delivery from~~ ~~between~~ the **GB Transmission System** ~~to~~ ~~and~~ a **Distribution System** or a **Non-Embedded Customer**; providing for delivery from the GB Transmission System and, in the case of a Distribution System, delivery to the GB Transmission System;

Distribution System the system consisting (wholly or mainly) of electric lines owned or operated by an **Authorised Electricity Operator** and used for the distribution of electricity from or to Grid Supply Points or Embedded ~~generation generators~~ ~~sets~~ ~~sets~~ or other entry points, ~~from or to the point of delivery to~~ ~~the point of delivery to~~ **Customers** or **Authorised Electricity Operators**, and includes any **Remote Transmission Assets** operated by such **Authorised Electricity Operator** and any electrical plant and meters owned or operated by the **Authorised Electricity Operator** in connection with the distribution of electricity, but shall not include any part of the **GB Transmission System**, ~~for the avoidance of doubt, such a Distribution System shall include any electric line or electrical plant owned and operated by a [licensed] distributor to which only one generating set is connected;~~